

**RULES
OF
TENNESSEE REGULATORY AUTHORITY
DIVISION OF PUBLIC UTILITIES**

**CHAPTER 1220-4-1
GENERAL PUBLIC UTILITIES RULES**

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1220-4-1-.01 CAPITAL ADDITIONS BUDGETS OF UTILITIES.

- (1) All public utilities operating in the State of Tennessee shall submit one (1) copy of the following information on an annual basis, to be filed no later than 90 days after the beginning of the current fiscal year with the Director, Telecommunications Division or as otherwise agreed upon.
 - (a) Projected expenditures on capital construction projects both routine and specific for the current year.
 - (b) For the current year a brief description of the nature, location and necessity of individual specific projects. Individual specific projects are those projects which for public utilities having more than 300,000 customers in their Tennessee jurisdiction any addition to plant where the cost of the project exceeds \$200,000. For public utilities having between 30,000 and 300,000 customers in their Tennessee jurisdiction, any addition to plant where the cost of the project exceeds \$100,000. For public utilities having less than 30,000 customers in their Tennessee jurisdiction any addition to plant where the cost of the project exceeds \$50,000.00.
 - (c) New projects over the above thresholds that arise during the reporting year as well as reported projects that are later deferred or canceled should be reported at the time of such decisions if they significantly impact customer service. A summary of all changes, together with reasons for change will be included as a supplement to the following year's annual report.
- (2) Those utilities that, pursuant to rule 1200-4-2-.55, prepare Tennessee specific capital addition budgets for the first and second following years shall also file similar information for these years with the filing in (a) above.
- (3) Projected telephone utility capital expenditures that do not conform to the schedules established in rule 1220-4-6 (FYI Tennessee Ten-Year Technology Master Plan) shall be accompanied by an explanation for the variance.
- (4) An annual conference, where appropriate, will be scheduled for each utility as required by the Authority's Staff for clarification of the submitted capital additions budgets. The review of such information at an annual conference will not necessarily constitute approval of a utility proposed capital addition.

Authority: T.C.A. §65-2-102. **Administrative History:** Original rule certified May 9, 1974. Amendment filed December 3, 1986; effective March 31, 1987. Repeal filed August 7, 1992; effective November 29, 1992. New rule filed June 4, 1993; effective September 28, 1993. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; "Commission" and references to the "Commission" were changed to "Authority" and references to the "Authority"; effective March 28, 2003.

1220-4-1-.02 TARIFF SPECIFICATIONS.

- (1) Form and Style of tariffs.
 - (a) All Tariffs must be in book, sheet or pamphlet form with loose leaves so that changes can be made by reprinting and inserting a single leaf.
 - (b) The initial Tariff filed by each public utility shall be designated as TPSC No. 1 and thereafter as other tariffs are filed they shall be designated with the next number in consecutive numerical order. Revisions and additions shall be inserted in the most appropriate location and denoted by the previous sheet numbers plus a letter, i.e., 3A, 3B, etc., or 3.1, 3.2, etc. Revisions to tariff sheets shall be denoted by 1st Revised Sheet No.3, 2nd Revised Sheet, etc.
 - (c) The title page should be uniform. Rates, rules and regulations shall be written only on one side of a sheet. If a single sheet is insufficient, two or more pages should be used.
 - (d) Separate tariffs shall be filed for electric, telephone, telegraph, gas, water, heat or for any other services rendered.
- (2) Size of Tariffs and Copies Required.
 - (a) Tariffs and supplements thereto must be typewritten on paper 8½ x 11 inches in size.
 - (b) Three copies of each tariff, rate schedule, or revision or supplement shall be filed with the Authority. All three shall bear the name and title of the issuing officer.

Authority: T.C.A. §65-2-102. **Administrative History:** Original rule certified May 9, 1974. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; “Commission” and references to the “Commission” were changed to “Authority” and references to the “Authority”; effective March 28, 2003.

1220-4-1-.03 TARIFF CONTENTS.

- (1) Tariffs must explicitly state the rates and charges for each class of service rendered, designating the area or district to which they apply.
- (2) Rules and regulations of the utility that in any manner affects the rates charged or to be charged or that define the extent or character of the service to be given shall be included with each tariff.

Authority: T.C.A. §65-2-102. **Administrative History:** Original rule certified May 9, 1974.

1220-4-1-.04 TARIFF CHANGES REQUIRE 30 DAYS NOTICE TO THE AUTHORITY.

Except as hereinafter provided all tariffs, rate schedules or supplements thereto containing any change in rates, tolls, charges or rules and regulations must be filed with the Authority at least thirty (30) days before the effective date of such changes, unless upon application and for good cause shown the Authority may waive the thirty day time limit or any portion thereof.

Authority: T.C.A. §65-2-102. **Administrative History:** Original rule certified May 9, 1974. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; “Commission” and references to the “Commission” were changed to “Authority” and references to the “Authority”; effective March 28, 2003.

1220-4-1-.05 PETITIONS FOR REVISIONS OF RATES.

- (1) All public utilities applying for revision of rates shall provide the following public notice in regard to proposed rate changes:

(Rule 1220-4-1-.05, continued)

- (a) A utility shall make a summary of the proposed changes and the reasons for them available at each of the utility's business offices.
- (b) A utility shall cause a summary of the proposed changes and the reasons for them to be published in a newspaper of general circulation located in the utility's service area.
- (2) The summary must include a summarization of every proposed rate change written in clear, simple, and understandable language and the predicted impact of proposed changes on the average residential and business customers served by the utility. The newspaper notice and the notice at the utility's business office shall state that a complete copy of the proposed tariff changes and the reasons for them are on file with the Tennessee Regulatory Authority and are open to public inspection. The public notice should also state the date and place when the application will be heard by the Authority, if known.
- (3) The petitioner, by a duly authorized officer, or by its attorney, shall file a statement in writing on or before the date of hearing that the above notice has been published and posted, together with the date and location of said posting and publication, as required by this rule.

Authority: T.C.A. §§65-2-102 and 65-4-104. **Administrative History:** Original rule certified May 9, 1974. Amendment filed November 9, 1984; effective December 9, 1984. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; "Commission" and references to the "Commission" were changed to "Authority" and references to the "Authority"; effective March 28, 2003.

1220-4-1-.06 CHANGES IN TARIFF.

- (1) All public utilities, agents, representatives, or bureaus issuing tariffs or schedules of rates and charges affecting Tennessee Intrastate business, shall file with the Tennessee Regulatory Authority of the State of Tennessee written notice, in triplicate, containing a brief explanation of the character of and reason for proposed changes in said tariff schedules.
- (2) Such explanation shall be filed not later than the date said tariff or schedule is filed.
- (3) A receipt copy of said explanation shall be evidence of filing such explanation and related tariffs or schedules.
- (4) All tariffs and supplements affecting Tennessee intrastate business shall be filed with the Tennessee Regulatory Authority at least thirty days before the date upon which they are to become effective, unless upon application and for good cause shown the Authority may waive the thirty days time limit or any portion thereof.
- (5) The Authority may, on its own motion or on the filing of a sufficient protest by any person or persons affected, order such tariff modified or suspended.

Authority: T.C.A. §65-2-102. **Administrative History:** Original Rule certified May 9, 1974. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; "Commission" and references to the "Commission" were changed to "Authority" and references to the "Authority"; effective March 28, 2003.

1220-4-1-.07 SPECIAL CONTRACTS.

Special contracts between public utilities and certain customers prescribing and providing rates, services and practices not covered by or permitted in the general tariffs, schedules or rules filed by such utilities are subject to super-vision, regulation and control by the Authority. A copy of such special agreements shall be filed, subject to review and approval.

(Rule 1220-4-1-.07, continued)

Authority: T.C.A. §65-2-102. **Administrative History:** Original Rule certified May 9, 1974. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; “Commission” and references to the “Commission” were changed to “Authority” and references to the “Authority”; effective March 28, 2003.

1220-4-1-.08 REPEALED.

Authority: T.C.A. §63-2-102. **Administrative History:** Original rule certified May 9, 1974. Amendment by Public Chapter 440; effective July 1, 1985.

1220-4-1-.09 PIPELINE SAFETY RULE.

- (1) “The Minimum Federal Safety Standards for the transportation of natural and other gas by pipeline (Title 49, Chapter 1, Part 192) as published in the Federal Register Vol. 35, Number 161 shall be the standard for use by gas transmission and distribution systems within the State of Tennessee.”

[With the exception of paragraph (b) of Section 192-455 (Title 49, Chapter 1, Part 192) as published in the Federal Register Volume 36, Number 126, which is deleted.]

- (2) “The present American Standard Code for Pressure Piping, Gas Transmission and Distribution Piping System (ASA - B 31.8), and all supplements and amendments thereto, shall be used to supplement this rule, insofar as the same does not conflict with Part 192.” (Cross reference -1220-4-5-.43 - 1220-4-5-.44).

Authority: T.C.A. §65-2-102. **Administrative History:** Amendment of the Pipeline Safety Rule effective on November 1, 1970, to be the Minimum Federal Safety Standards for the transportation of natural and other gas by pipeline (Title 49, Chapter 1, Part 192) as published in the Federal Register, Volume 35, Number 161. Amendment to delete paragraph (b) of Section 192-455 (Title 49, Chapter 1, Part 192) as published in the Federal Register, Volume 36, Number 126, from its standard for the transmission of natural and other gas by pipeline; effective August 1, 1972. Rule certified May 9, 1974.

1220-4-1-.10 REPORTS-UNIFORM FINANCIAL REPORT FORMS.

- (1) REPORTS

All electric, telephone, gas, water, and other public utility companies as set forth in T.C.A. §65-4-101, and with operating revenues in excess of \$250,000 annually, shall submit financial statements to the Authority monthly, and public utilities with operating revenues of less than \$250,000 annually shall submit quarterly financial statements to the Authority, except as otherwise provided in this rule.

- (2) Type of Public Utilities

- (a) Telephone Utility Companies

1. All companies subject to the jurisdiction of the Authority as set forth in T.C.A. §65-4-101, which are either a subsidiary of a holding company or have in excess of 6,000 access lines shall submit monthly to this Authority Monthly Report Form 3.01 within sixty (60) days after the end of the month covered by the report. The Monthly Report Form shall be completed by each company to the extent data is available.
2. All companies subject to the jurisdiction of the Authority as set forth in T.C.A. §65-4-101, which are not a subsidiary of a holding company and have less than 6,000 access lines shall submit quarterly to this Authority Quarterly Report Form 3.02 within sixty (60) days after the end of the quarter covered by the report. The Quarterly Report Form shall be completed by each company to the extent data is available.

(Rule 1220-4-1-.10, continued)

3. All companies operating pursuant to price regulation under T.C.A. § 65-5-209 shall submit to the Authority the above report annually, for the twelve months ending December, or for the company's fiscal year, if different, within sixty (60) days after the end of the twelve (12) month period covered by the report.

(b) Gas Utility Companies

1. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year in excess of \$1,500,000 shall submit monthly to this Authority, Monthly Report Form PSC-3.03 sixty (60) days after the end of the month covered by the report.
2. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year of \$1,500,000 or less shall submit quarterly to this Authority, Quarterly Report Form PSC-3.04 sixty (60) days after the end of the quarter covered by the report.

(c) Electric Utility Companies

1. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues from operations within Tennessee for the preceding year in excess of \$1,500,000 shall submit monthly to this Authority, Monthly Report Form PSC-3.05 sixty (60) days after the end of the month covered by the report.

(d) Water Utility Companies

1. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year in excess of \$1,500,000 shall submit monthly to this Authority, Monthly Report Form PSC-3.06 sixty (60) days after the end of the month covered by the report.
2. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year in excess of \$100,000 but less than \$1,500,000 shall submit to this Authority, Quarterly Report Form PSC-3.07 sixty (60) days after the end of the month covered by the report.

(e) Radio Common Carriers

1. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-30-106, which have operating revenues for the preceding year in excess of \$1,500,000 shall submit monthly to this Authority, Monthly Report Form PSC-3.16, sixty (60) days after the end of the month covered by the report.

(f) Sewer Utility Companies

1. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year in excess of \$1,500,000, shall submit monthly to this Authority Monthly Report Form PSC-3.18 sixty (60) days after the end of the month covered by the report.
2. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A §65-4-101, which had operating revenues for the preceding year in excess of \$100,000 but less than \$1,500,000, shall submit quarterly to this Authority, Quarterly Report Form PSC-3.19, sixty (60) days after the end of the quarter covered by the report.

(Rule 1220-4-1-.10, continued)

(3) Uniform Financial Report Forms

The following report forms which are attached to his order as Appendix A shall be used by the utility companies, as designated in paragraph (2) of this rule:

(a) Telephone Utility Companies

Form PSC-3.01
Form PSC-3.02

(b) Gas Utility Companies

Form PSC-3.03
Form PSC-3.04

(c) Electric Utility Companies

Form PSC-3.05

(d) Water Utility Companies

Form PSC-3.06
Form PSC-3.07

(e) Radio Common Carriers

Form PSC-3.16
Form PSC-3.17

(f) Sewer Utility Companies

Form PSC-3.18
Form PSC-3.19

Authority: T.C.A. §§65-2-102, 65-4-401, 65-4-101, 65-4-104, 65-4-111, and 65-5-209. **Administrative History:** Original rule certified May 9, 1974. Amendment filed February 29, 1988; effective May 29, 1988. Amendment filed August 26, 1988; effective November 29, 1988. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; “Commission” and references to the “Commission” were changed to “Authority” and references to the “Authority”; effective March 28, 2003. Amendment filed September 25, 2003; effective December 9, 2003.

1220-4-1-.11 UNIFORM SYSTEM OF ACCOUNTING.

(1) The following uniform system of accounting will be followed by utilities and other companies making periodic reports to the Authority:

(a) For Classes A and B telephone companies - Uniform System of Accounts as adopted and amended by the Federal Communications Commission.

(b) For Classes C and D telephone companies - Uniform System of Accounts as adopted and amended by the Federal Communications Commission.

(c) For Classes A and B gas companies - Uniform System of Accounts as adopted by the National Association of Railroad and Utilities Commissioners as revised June 30, 1972, and any amendments or revisions pertaining thereto.

(Rule 1220-4-1-.11, continued)

- (d) For Classes C and D gas companies - Uniform System of Accounts as adopted by the National Association of Railroad and Utilities Commissioners as revised June 30, 1972, and any amendments or revisions pertaining thereto.
- (e) For Classes A and B electric companies - Uniform System of Accounts as adopted by the National Association of Railroad and Utilities Commissioners as revised June 30, 1972, or any amendments or revisions pertaining thereto.
- (f) For Classes C and D electric companies - Uniform System of Accounts as adopted by the National Association of Railroad and Utilities Commissioners as revised June 30, 1972, or any amendments or revisions pertaining thereto.
- (g) For Classes A, B, and C water companies - Uniform System of Accounts as adopted and amended by the National Association of Railroad and Utilities Commissioners.
- (h) For Classes A, B, and C sewer companies - Uniform System of Accounts as adopted and amended by the National Association of Railroad and Utilities Commissioners.
- (i) For Radio Common Carriers:
 - 1. For Radio Common Carriers-The Uniform System of Accounts for Radio Common Carriers as adopted by the National Association of Regulatory Utility Commissioners in 1976, and all amendments or revisions pertaining thereto is adopted herewith with the exception of pages 33 and 34. The Authority has revised these pages to make them more applicable to the tax statutes of the State of Tennessee.
 - 2. Provided, however, that the carriers are permitted to subdivide Account 220, Mobile Equipment-One-Way Service-Non-Voice, and Account 221, Mobile Equipment One-Way Service-Voice, so as to provide a reasonable estimate of the cost of each type of equipment purchased prior to the effective date of this rule. Provided further, that the words "Investment Credits" used in the title and text of Account 306, Investment Credits-Net, denotes investment tax credits resulting from the operation of applicable Federal income tax statutes.
- (2) That this rule shall not apply to utilities deriving less than one percent of their total gross operating revenues from business in Tennessee and they shall be permitted to keep their accounting records in accordance with the system of accounts prescribed by the State Authority of the State in which a majority of their gross revenues are derived.
- (3) That each utility subject to the jurisdiction of this Authority shall notify this Authority within thirty (30) days from the date of this order of its election to adopt either the "service life flow-through" method of accounting or the "initial year flow-through" method of accounting for the treatment of the investment tax credit as provided by Section 38 of the 1954 Internal Revenue Code, as amended, and specifically the 1962 and 1964 Revenue Acts.
- (4) That utilities deriving less than one per cent of their total gross operating revenues from business in Tennessee shall be permitted to keep their accounting records in accordance with the system of accounts prescribed by the State Authority of the State in which a majority of their gross revenues are derived.
- (5) That the election once made by a utility shall not be subject to change without prior formal approval of this Authority.

(Rule 1220-4-1-.11, continued)

Authority: T.C.A. §§65-4-101, 65-4-104, 65-4-111, and 65-2-102. **Administrative History:** Original rule certified May 9, 1974. Amendment filed October 13, 1978; effective November 27, 1978. Amendment filed August 26, 1988; effective November 29, 1988. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; “Commission” and references to the “Commission” were changed to “Authority” and references to the “Authority”; effective March 28, 2003.

1220-4-1-.12 REPEALED.

Authority: T.C.A. §65-2-102. **Administrative History:** Original Rule certified May 9, 1974. Amendment filed March 12, 1981; effective April 27, 1981. Repeal filed October 29, 1993; effective March 1, 1994.